

Central Intelligence Agency
Washington, D.C. 20505

82-5308/1

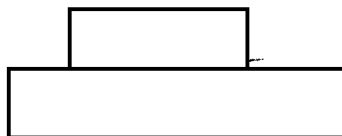
2 July 1982

Executive Director

FOR: DDCI
DCI

Paragraphs 1.a., 1.b. and 2. are significant and illustrate that CIA is relatively free of fraud and abuse when compared with other agencies. The reasons are that:

- our employees comprise a highly screened population; we have an advantage over other agencies because potential maleficence is weeded out at the time of initial employment.
- our accounting procedures are tight and thorough and are backed by frequent and intensive audits. These audits, 118 in FY 1981 for example, are fully implemented.
- unlike a number of other agencies, we have no outside entitlement programs, which is the area where fraud often pops up.
- although the polygraph is primarily a counter-intelligence tool, the polygraph reinvestigation uncovers the misuse of official funds.



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EXECUTIVE SECRETARIAT

Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI		X w/o att		
2	DDCI		X "	"	
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA	X w/att			
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20	ES		X w/o att		
21					
22					
		SUSPENSE	25 JUNE	Date	

Remarks:

D/ Executive Secretary

17 June 82

Date

3537 (10-81)

The Director of Central Intelligence

Washington, D. C. 20505

Executive Registry

82-5308

16 June 1982

NOTE FOR: DDA

FROM: DCI

Harry:

Any ideas for us here?

C

William J. Casey

Attachment:

Addressing Fraud, Waste
and Abuse--A Summary
Report of Inspector General
Activities, by the President's
Council on Integrity and
Efficiency

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DDA 82-1534/1

28 JUN 1982

82-5308/1

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence
Executive Director

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Fraud, Waste, and Abuse in Government ☐

REFERENCE: Note to DDA from DCI, dtd 16 Jun 82, re same
Subject (ER 82-5308)

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1. In response to your query for ideas on the subject of correcting fraud and waste, the following information is provided to give you some indication of the thrust of our initiatives in this area:

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b. In FY 1981 the Inspector General conducted 118 financial audits of Agency activities which resulted in 235 recommendations. Approximately 100 percent of these recommendations have been implemented.

c. As a result of an Inspector General investigation in July 1981 of the Agency's Board of Review and the Overpayment Review Board, the Office of Finance has revised our regulations and strengthened financial controls.

d. The Director of Finance has been delegated authority as the sole Agency official who can officially appoint cash custodians.

e. During FY 1981 our Commercial Audit Staff issued 1,459 audit reports on proposed contracts totaling which resulted in audit deduction recommendations of or 6.6 percent of the total amount audited.

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f. During the first six months of FY 1982, we implemented the use of Government Travel Requests (GTR's) for official domestic travel, resulting in a savings of \$1.07 million.

g. We have made a number of changes in the cash management area in the recent past, i.e., revised procedures for drawing agent cashier's checks have resulted in a savings of about [] er day; reduction in our bank account balances reflects a savings of [] per year; and a reduction in cash on hand at Agency installations results in additional savings.

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h. In the summer of 1981, a Cost Reduction and Efficiency (CORE) working group was established to review cost reduction and efficiency measures. In December 1981 the Agency's Executive Committee reviewed nine CORE recommendations, approving five of them (including acquiring more efficient printing equipment, internal TEMPEST testing, consolidation of several activities, increased use of suggestion awards) and directing further study of several others (increased use of sea shipments, further use of commuted rate travel procedures, etc.).

i. Our regulations require that components respond to Inspector General audit recommendations within a period of 60 days. []

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2. Unlike most government agencies, our reinvestigation and repolygraph programs provide us with unique opportunities to uncover misuse of official funds. []

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3. Our management of travel and our internal controls are apparently more stringent than most other government agencies. The use of blanket travel authorizations is minimal. The purpose of travel is not only spelled out on travel orders, but is also required in messages which request the approval of the chief of the installation being visited. []

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4. After reviewing the most recent publication on correcting fraud and waste in government, I believe that we are far ahead in this area. However, I agree that there are areas where "fat" exists in the Agency and we will continue to pursue ways to reduce waste and abuse. []

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[]
Harry E. Fitzwater

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